

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF RIGHT BEAVER GAS)	
COMPANY FOR A RATE ADJUSTMENT)	
PURSUANT TO THE ALTERNATIVE RATE)	CASE NO. 10404
FILING PROCEDURE FOR SMALL UTILITIES)	

O R D E R

On February 23, 1989, Right Beaver Gas Company ("Right Beaver") filed a Petition for Reconsideration of the Commission Order dated February 2, 1989. Right Beaver specifically sought reconsideration of Finding 10 of that Order, which required that Right Beaver refund all monies collected from its customers for the construction of a portion of the gas distribution system known as "the loop." The Commission granted Right Beaver's Petition on March 15, 1989.

At the time of the Staff Review, available information indicated that Right Beaver had collected construction funds from existing customers to construct "the loop." The November 30, 1988 Staff Report recommended that Right Beaver refund monies collected for the construction to its customers. The Commission adopted Staff's recommendation in the February 2, 1989 Order and required Right Beaver to file documented proof of the refunds within 60 days from the date of the Order.

An informal conference between Right Beaver and the Staff was held on February 14, 1989 to discuss other issues in this case.

At this conference, Right Beaver produced documents which showed that the funds collected from the Right Beaver customers had either been paid directly to the company who constructed "the loop" or to Right Beaver and then forwarded to the construction company. Right Beaver further explained that "the loop" replaced individual customer-owned service lines and that Right Beaver's customers had requested the construction company to perform the work. Right Beaver represented that it had functioned solely as a middleman in the transaction and had not retained any of these payments. Right Beaver filed these documents into the record on March 14, 1989.

The Commission has reviewed the documents and the record in this proceeding. The Commission notes that Right Beaver has taken several steps to comply with the findings of the February 2, 1989 Order. The Commission is encouraged by the willingness of Right Beaver to resolve these issues. Right Beaver should have, in all diligence, provided these documents during the Staff Review or in its response to the Staff Report.

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that the additional documentation filed by Right Beaver is sufficient to show that Right Beaver did not retain any funds related to the construction of "the loop" and that Right Beaver should therefore be relieved of that portion of the Commission's February 2, 1989 Order which directs Right Beaver to refund any funds collected for construction of "the loop." The Commission's February 2, 1989 Order is

